

AR43



Cover: Pattern for integrated circuit to be used in RCA computers. During 1970, the continuing buildup of RCA's Computer Systems activities strengthened its share of the domestic computer market. There are now about 50,000 computer installations in the United States, and it is estimated that more than 500,000 jobs and some 30 new industries have been created by the computer.

Financial Highlights	1970	1969
Sales and other revenue	\$3,325,562,000	\$3,409,853,000
Net profit for year	91,735,000	159,832,000
Per cent to sales	2.8%	4.7%
Per share of common stock	\$1.26	\$2.27
Cash dividends declared per share of common stock	1.00	1.00
Additions to plant and equipment	\$ 209,185,000	\$ 181,443,000
Net additions to revenue-earning equipment of Hertz	140,000,000	145,868,000
Total assets at year-end	2,936,125,000	2,731,694,000

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A persistently sluggish national economy made the business environment difficult throughout 1970. Its impact was felt in terms of lower sales and earnings for many industrial enterprises,

including RCA. In our case, its effect was compounded by a costly 101-day strike at midyear.

RCA sales in 1970 declined to \$3.3 billion from the 1969 total of \$3.4 billion. The year's net profit of \$91.7 million was 43 per cent below 1969, but slightly improved over our year-end forecast. Net earnings per share were \$1.26, as compared with \$2.27 a year earlier.

Despite the downturn, there were elements of strength in RCA's performance during 1970. Several important product and service activities ran counter to the general trend and achieved improved results for the year. Our domestic computer business gained substantially in both shipments and new orders. Our new subsidiary, Banquet Foods Corporation, advanced in both sales and earnings. The RCA Service Company, The Hertz Corporation, and Random House all gained in net profit.

The fourth quarter was the year's strongest for RCA, but our performance was not linked to any significant revival in the economy. During the initial weeks of 1971, official announcements promised a more active government policy of economic stimulation, holding forth the possibility of a more rapid upturn than had been forecast earlier. We believe RCA will show improved results for 1971, particularly in the year's second half.

There is still little promise of relief, however, from the most pressing single economic problem confronting American business. This is the continuing inflationary rise in the cost of doing business—in wages and salaries, in construction and maintenance expenses for plant and equipment, and in outlays for marketing and distribution. More than any other aspect of the current economic scene, inflation has exerted pressure upon profits and has dis-

couraged the price reductions with which business normally seeks to stimulate sales in a weakened market.

Combining actual costs in 1970 and estimated costs in 1971, inflationary increases during the two years will add substantially to RCA's costs and expenses. A number of courses are being followed by management to recover all or part of these costs.

One is to increase prices for products and services. Because of competitive pressures, both domestic and foreign, and general overcapacity in the industry in comparison to the reduced demand of a slow market, however, we cannot expect to recoup more than a portion of the total by this means alone. The other ways are increased productivity, operating economies, more stringent financial controls, and improved share of markets.

Your management will continue to employ all these means to maintain profit at the highest possible level without curtailing programs vital to RCA's long-term growth. In our current cost-reduction drive, substantial savings are being realized through steps taken at both staff and operational levels. These include the closing of two plants, the concentration of certain production facilities, the introduction of improved manufacturing methods, and the elimination of marginal operations with little or no profit potential.



The control of inflation, in my view, remains a top-priority task for industry, labor, and government. The answer is not compulsory wage and price controls. The solution should come through a concerted effort to increase productivity by every possible means in an attempt to compensate for the inflationary wage and price rises of the past few years.



While pursuing this concept, your management has continued to accelerate its plans for long-term growth and profitability. For the 1970s and beyond, we are working to establish:

A position of major strength in the computer industry;

Leadership in growing consumer markets for diversified products and services in the home;

An enduring growth pattern that includes expansion into areas of high profit potential, particularly in services.

We seek to attain these objectives at home and on a worldwide basis through increased exports, the expansion of manufacturing and service activities abroad, and greater emphasis on marketing.

Our highest priorities today are the establishment of a profitable computer business and capture of the domestic industry's No. 2 position. RCA has made a greater investment in this effort than in any prior venture in its history, and we are convinced that the returns will be substantial.

This investment has already resulted in a more rapid growth rate for RCA than for the domestic industry as a whole. In 1970, the value of RCA's net domestic shipments rose by more than 50 per cent, while that of the industry fell by more than 20 per cent. Among the factors responsible for RCA's progress was a decision to continue increasing the computer marketing force during a period when many others in the industry were retrenching as a result of the weakness of the economy.

Our computer revenue this year will be more than double that of five years ago, and we continue on target toward a profit crossover in computers in the early 1970s.

Our progress in computers contrasted with a marked slowdown in some of our traditional businesses, including consumer electronic products, certain categories of electronic components, commercial systems, broadcasting, and defense and space.

Nevertheless, many of these so-called mature businesses should continue, in a revived economic climate, to generate substantial revenue and profit for years to come. In color television, for example, we expect the industry to increase its sales by 13 per cent this year over the estimated 5.4 million sets sold in 1970, including imports. As the industry leader, we expect RCA's color receiver business to benefit accordingly.



But continuing expansion of our business base is necessary for profitable growth. This requires that we constantly explore newer fields of technology and business than those we have cultivated most intensively in the past. This is the principle that underlies our philosophy of expansion as applied over the past few years. It is a flexible policy, allowing for diversification and for carefully planned expansion of present activities at home and abroad through product innovation, selective new business ventures, and new directions in marketing.

The starting point in each instance is the identification of new business opportunities of such size and growth potential that they will produce significant sales and profit over the long run. We seek expansion where we can reasonably expect to gain a substantial share of a sizable market, or where that market is growing at a better-than-average rate.

This policy has stood the test of performance, for RCA's new subsidiaries as a group have grown more vigorously in both sales and earnings than many established activities.

Furthermore, the decision to emphasize expansion into new areas of service has been validated by the extent to which our service activities, new and old, have generally outperformed the product operations during this period of economic adversity.

The direction we have been following is aimed not only at building RCA's position in the computer industry, but also at creating a position of diversified strength in consumer markets that demand a far greater variety of products and services than we have supplied in the past. We have already begun to position the company for profit in these wider markets. The 1970 addition of Banquet Foods Corporation gave RCA entry into the frozen prepared foods industry. The addition of Coronet Industries has now taken us into a segment of the important home furnishings market.

A vital aspect of our preparations for the future is the development of greater management strength in all of RCA's activities. In the past three years, we have given new flexibility to this policy by locating, both within RCA and from outside, the talents needed to direct major new marketing programs, guide the growth of our computer business, and spur innovation in many of our other activities.

These measures have been supplemented by organizational and structural changes to simplify management procedures and to strengthen the systems concept of operations. Recently, the administration of RCA's defense and commercial activities has been brought together under a single head in a new Government and Commercial Systems organization. RCA's solid-state electronics operations have been formed into a new division separate from other components activities in order to unify development and marketing activities in this expanding technology and business. At the corporate staff level, new key appointments have increased management effectiveness in marketing, consumer affairs, and industrial relations.



Your management recognizes RCA's continuing responsibility to the larger society in which we all participate. As a major economic and social force in the communities where it maintains plants and offices, the company inevitably exercises an influence upon its neighbors and its environment. Its success, in turn, depends upon their well-being.

For this reason, RCA and its people are active today in many programs of housing, job training, education, and environmental improvement. During 1970, we increased substantially the number of RCA's contracts with small businesses owned and operated by members of the black community. We moved ahead with a program of housing rehabilitation in Camden, N.J., where RCA maintains extensive manufacturing facilities. Across the country, more than 8,000 RCA employees participated in an RCA Environmental Improvement Program initiated in April, 1970. Their activities ranged from local anti-litter drives and the establishment of neighborhood play areas to a major program enlisting the support of several communities to help restore the ecology of the Indian River region in Florida.

All these contributions are basic to the RCA we are shaping for the future. In the decade ahead, we shall utilize our resources of people, funds, and expertise for two purposes: to develop a sound and profitable growth pattern on a diversified base, and to maintain the highest standards of excellence in our products, our services, and our contributions to the society in which we live.

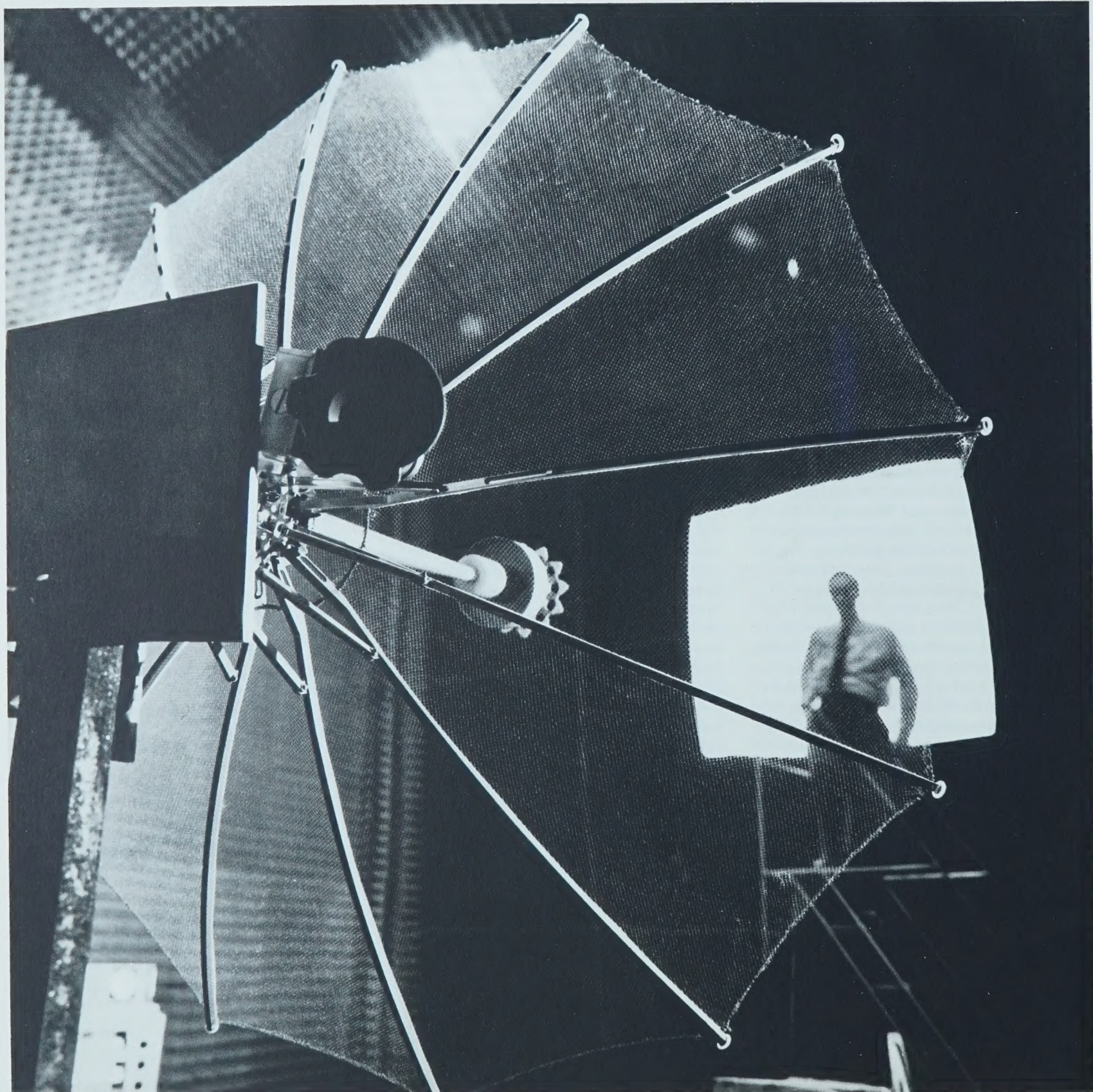
March 9, 1971

A handwritten signature in dark ink, appearing to read "Robert S. Taft". The signature is fluid and cursive, with a large initial "R".

Chairman of the Board and President

This RCA umbrella antenna will make possible direct voice, telemetry, and color TV transmission to earth from the Lunar Rover vehicle, which American astronauts will ride during future Apollo explorations of the moon. Our technology has already produced the communications systems aboard the Apollo Lunar Modules. During the Apollo 13

space emergency, the systems kept astronauts in constant touch with earth during their dramatic voyage home. In the future, RCA communications equipment may relay information on the composition of other planets within our solar system.



Laser beam is aligned for an industrial research project. RCA's research and development efforts have made possible many of the major advances in electronics and communications, including application of the laser in such diverse areas as computer memory systems, aircraft navigation systems, and precise scientific measuring devices.



RCA Glöbcom offices provide a network of telex and telegraph services linking more than 150 cities on five continents. Technical improvements to the Computer Telegram System resulted in substantial reduction of delays in routing messages between the domestic carrier and RCA Glöbcom. During 1970, total RCA Glöbcom sales increased for the 17th consecutive year.



The new RCA 2, 3, 6, and 7 computers have strengthened our role in electronic data processing, which in the past two decades has been transformed from a laboratory curiosity to a \$3.2-billion-a-year business that affects almost all areas of our society. Computers perform the billions of intricate

calculations necessary to send man into space as well as enhance the efficiency of such diverse industries as banking and finance, communications, and publishing.



The commercial building boom of the past decade has changed the face of metropolitan areas throughout the United States. Cushman & Wakefield, an RCA subsidiary, has leased a substantial part of the office buildings built in New York and other cities during the past two decades, among them One Astor Plaza, currently under construction in Manhattan. The company also serves as project consultant

and managing and renting agent for many of the nation's largest construction projects, including office complexes in New York, Chicago, Los Angeles, and San Francisco.



Thousands of Hertz cars are rented each day at airports around the world. Rental service of cars and trucks is now available at some 3,000 locations in more than 1,900 American and foreign cities. Despite a decline in air travel, which affected industry-wide car rentals, The Hertz Corporation achieved the highest revenue in its history during 1970.



Long-playing records are pressed at RCA's Record Division facility near Mexico City, principally for distribution in Latin-American markets. From classical music recorded by The Philadelphia Orchestra to the modern sound of rock by The Jefferson Airplane, RCA artists and groups are among the leaders in

recorded entertainment. In 1970, total industry sales amounted to some \$1.2 billion, continuing a rise in sales volume that has remained unbroken during the past decade.



Academy Award-winning actress Goldie Hawn exchanges quips with Johnny Carson on NBC's Tonight Show. NBC-TV, with the Tonight Show, continues to dominate the late-night sector of network TV in terms of both advertisers and audience—attracting, in a typical week, as many viewers as the competing shows on the other two major networks combined.



A Random House art director examines layout of a trade book. Throughout the year, the company's titles were constantly represented on the weekly best-seller lists. Although 1970 was a slow year for the book-publishing industry as a whole, Random House achieved an all-time sales and earnings record.



An electron gun for color TV picture tubes is assembled at the RCA electronic components plant in Juncos, P.R. Although the consumer electronics market reflected the softness of the national economy in 1970, RCA maintained its sales leadership in domestic-brand color TV for the 17th year in a row. The home instruments industry is expected to turn around in 1971, paced by a rise in consumer demand for color TV sets.



Frozen pies are packaged for shipment at the Banquet Foods Turlock, Calif., plant. Last year, the company sold more than a half-billion units of frozen prepared foods in shops and supermarkets across the nation. Twenty years ago, these products did not exist. Today, they are consumed by one out of every two persons in the United States. Industry volume has

increased threefold during the past decade, and, if this growth pattern continues, frozen prepared foods will represent a \$3-billion-a-year industry by 1980.



TV broadcast antenna stack undergoes final check at RCA's Gibbsboro, N.J., facility. RCA remains the industry leader in multiple antenna systems for TV broadcasting. Major projects include recently completed installation of TV tower arrays on the 100-story John Hancock Center in Chicago and an agreement to construct an antenna stack atop Mt. Sutro for San Francisco TV stations.



Computer Systems

RCA's most significant growth area in the seventies is expected to be in information processing. The first year of the new decade provided a promising beginning.

The domestic computer industry as a whole experienced the largest decline in shipments in its history in 1970. Yet, domestic bookings of RCA systems were 15 per cent higher than in 1969, while shipments rose by more than 50 per cent. We attracted three times as many new accounts as in 1969. Our share of the market, based on estimated industry shipments, nearly doubled.

In mid-September, we introduced a new series of small- to medium-class computers—RCA 2, 3, 6, and 7—offering more power and memory for the dollar than present third-generation systems. Two of the new processors have virtual memory, which means that the main computer memory can be extended almost limitlessly through the use of auxiliary devices and specially developed RCA software.

By year-end, total bookings for the new series exceeded \$150 million with more than 35 per cent of the orders placed by new customers, many of whom were IBM users. To encourage such conversion, the new RCA computers are fully compatible with current

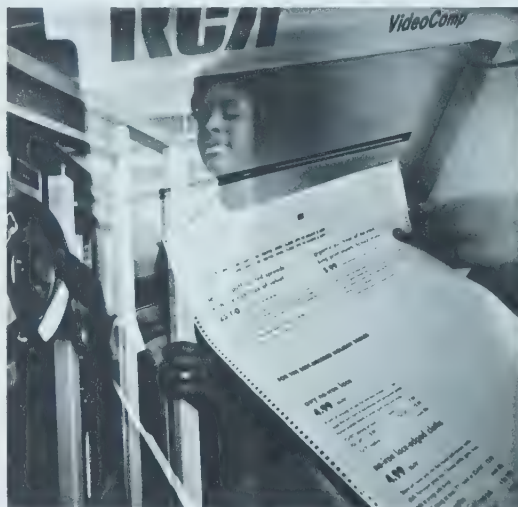


IBM third-generation equipment.

Orders for our RCA SPECTRA 70 systems, which were introduced in 1964, also continued strong. Fourteen SPECTRA 70 systems were sold to the Navy, the largest single computer sale in RCA's history. Major SPECTRA remote computing systems were also ordered by or installed for law enforcement agencies, stock exchanges, and social service administrations at the federal, state, and local levels.

Building the necessary marketing, development, and manufacturing muscle to compete effectively is a costly but essential requirement. Our computer sales force rose from 360 to 530.

In early 1971, a major realignment of RCA's Information Systems was announced in order to increase efficiency, reduce costs, and provide closer management control of the company's many computer-related enterprises. The newly structured organization is called RCA Computer Systems.



Consumer Electronics

The American consumer, apparently fearful of recessionary trends in the economy, reached for his pocketbook sparingly in 1970. While personal savings went up, the demand for many consumer durable goods, including television, went down.

In the domestic-brand market, sales of RCA color TV sets declined, and volume shifted toward the less profitable lower end of the line. Many consumers preferred lower cost black-and-white sets to color, with portable models accounting for approximately 90 per cent of black-and-white sales.

The problem of domestic-brand color sales was intensified by the increasing importation of color sets from Japan. The domestic-brand radio business in 1970 encountered continuing sharp competition from overseas, and industry sales were off 18 per cent from 1969 levels. Phonograph sales declined 19 per cent during the year.

To counter these generally negative conditions and to position RCA for the upturn in consumer demand when it occurs, a number of positive actions were taken in 1970. Color TV inventories were substantially reduced at

all levels of distribution. Several production operations were consolidated. Plans for closing the TV plant in Memphis were announced. A cost-saving program was implemented throughout the division. The management position of the Consumer Electronics group was strengthened by the addition of a top marketing executive and realignment of sales operations staff. RCA introduced one of the most comprehensive purchaser warranty programs in the industry and instituted a multimedia advertising campaign to promote AccuColor—more accurate color with expanded automatic control.

The company added modular phonographs in several price ranges and capitalized on the growing importance of contemporary design throughout the product line. Late in the year, we began test marketing personalized stereo consoles—an innovation that permits the customer to choose from among 432 possible combinations of cabinet, speaker, and stereo components. In the fall, we introduced four-channel sound in an eight-track cartridge configuration. We also broadened our line of cassettes and other eight-track products.

As a result of these measures, RCA was able to maintain its strong position in the consumer field. According to independent surveys, RCA led the industry in U.S. color TV sales for the 17th consecutive year.

RCA Records

Domestic sales of RCA records and tape products declined slightly in 1970. The market for classical, semiclassical, and easy listening music declined sharply. Youth is the dominant influence in music today, and popular music now accounts for more than half of all industry sales. In order to strengthen RCA's position in popular and other music marketing areas, the Record Division management was reorganized during the year.

The weakness of the U.S. economy was not reflected overseas, and both export sales and revenue derived from royalty payments from foreign countries increased. In Japan, one of the swiftest growing markets for music, sales of RCA records by our Japanese licensee reached an all-time high. Our subsidiary in France began distribution during the summer. In October, we formed a German subsidiary for music recording and publishing. It will be operative in 1971.

Sales of prerecorded tapes by the tape club registered a strong gain over 1969, while

From left to right: RCA computer systems are utilized for law enforcement by the state of California and by government agencies in other areas.

This RCA electronic composition system has virtually all the capabilities of a typesetter's shop.

Stereo components are inspected at the Indianapolis plant.

Ceramic circuits provide greater reliability than the tubes and circuitry they replace in color TV sets.

record club sales declined during the year. Sales also declined in custom production for other record companies and for corporations offering premium record albums.

The most vigorous element in the recorded entertainment industry continues to be Stereo 8 cartridge tapes. Stereo 8 is now a \$400-million business, and sales of these tapes constituted more than one-third of RCA Records' domestic sales. Late in 1970, we introduced prerecorded four-channel cartridges that provide a new dimension in musical realism.

Consumer, Commercial, and Technical Services

Service businesses throughout the nation fared better than manufacturing in the depressed economy of 1970. The RCA Service Company achieved record profit in 1970, although sales were off slightly from 1969. To handle increased consumer requirements, five new branches were added to our nationwide network offering factory service to owners of RCA products.

We believe demand for prompt quality service will continue to grow in this age of consumer awareness. Therefore, RCA launched ServiceAmerica, an organization that services all makes of TV sets and other home entertainment products. Ten ServiceAmerica centers have been opened—five each in the Philadelphia and San Francisco areas—and plans call for gradual expansion into other market areas.

Sales of commercial products and services to institutions also reached a record level in 1970. The RCA Service Company reduced the cost of color conversion at nursing homes and hospitals by designing a color in-

stallation compatible with existing black-and-white wiring. It also broadened its service sales to the hotel/motel trade by introducing private telephone systems that can offer both greater operational efficiency and guest convenience at a lower cost than common-carrier service. Technical maintenance services were expanded for credit-verification and airline-reservations systems and data-communications equipment.

Early in the year, RCA began to lease teletype equipment for remote computing and communications use. By December, we had units on lease to more than 500 customers. In addition, we provided maintenance for more than 15,000 teleprinter units and peripheral equipment throughout the country.

Electronic Components

The general slowdown in equipment manufacturing had a serious impact on the electronic components industry. Government spending for components declined, finished-goods producers held off reordering components in order to reduce inventories, and competition from foreign imports kept domestic components under heavy price pressure.

In this difficult climate, sales of RCA picture tubes declined in 1970. After reappraising domestic requirements and recognizing total industry overcapacity, the company announced plans to discontinue color TV tube manufacture at Lancaster, Pa., and consolidate color tube operations at Scranton, Pa., and Marion, Ind.

Results were more promising abroad. Sales of color TV tubes to Europe were up sharply in 1970, as were sales of picture tubes manufactured in RCA's Canadian plant.

The receiving tube—one of our oldest component lines—is slowly being replaced by products of a new technology. With the conversion of more and more consumer products to solid-state manufacture, the major remaining market for original equipment receiving tubes is now the TV industry, where the total replacement market is expected to remain strong during coming years.

In 1970, RCA developed transferred electron amplifiers, a new family of multipurpose microwave solid-state devices. These devices, which are smaller and simpler than the traveling-wave tubes now in use, have applications in electronic countermeasures; mobile, airborne, and spacecraft communications; and radar systems for weather and surveillance.



Solid State

The growth pattern of recent years in the semiconductor industry ground to a halt in 1970. As orders fell off, the industry attempted to stimulate sales by reducing prices and eliminating excess production capacity. The net results were an industry-wide decline in volume and a major retrenchment in investment and employment during the year. These developments, plus a prolonged strike, resulted in substantially lower sales of RCA solid-state devices.

To prepare for an expected stronger market in the future, RCA made several major moves in 1970. The company consolidated semiconductor activities into a Solid State Division to coordinate increased activities in the new electronic technologies that are revolutionizing communications, data processing, and space exploration. Because of the general softness in the domestic market for semiconductors, manufacturing operations were curtailed in Findlay, Ohio; Mountaintop, Pa.; and Somerville, N.J.

Although production of digital integrated circuits was curtailed, recent technological advances in such areas as linear integrated circuits and power semiconductor devices are about to open new markets.

RCA has begun power semiconductor manufacturing in its new plant in Liege, Belgium, to accommodate the growing overseas market for these devices.

RCA established a Solid State Technology Center at Somerville, N.J. The Technology Center will serve as both an advanced development activity for the Solid State Division and as a focal point for semiconductor developments for other divisions.



From left to right: Two-way mobile radio systems are used for communications among vehicles and a central station.

Enchiladas are prepared at a Banquet Foods plant.

String musicians take part in an RCA recording session.

Random House offices in New York City publish books under the company's own imprint as well as those of Knopf, Pantheon, and others.

RCA strengthened its leadership in silicon-power transistors. In line with current emphasis on environmental and vehicle safety programs, such applications have been expanded to include anti-pollution systems as well as ignition systems, anti-skid systems, and other vehicle-control areas.

The RCA line of thyristors (silicon-controlled rectifiers and electronically controlled switches) was broadened in 1970 with the introduction of devices to handle higher currents. Our application efforts have been directed toward such major markets as aircraft systems, air conditioning, electric-heat control, and industrial controls. In addition, we are exploring new business opportunities in high-reliability optoelectronic devices that emit and detect light or infrared radiation with high efficiency.



Commercial Systems

Domestic sales of broadcast equipment in 1970 were lower than in the prior year, largely because the decline in TV advertising revenue caused broadcasters to defer purchases of major new technical systems. In the international market, however, a \$6.1-million order for a complete color TV studio system from the Austrian broadcasting agency helped boost bookings above the 1969 level.

RCA's TK-44A color TV studio camera was the industry leader in sales for the second successive year. Our videotape cartridge system for the broadcast industry underwent months of field testing for initial shipments of production models in 1971. The system is capable of automatically playing back up to 22 pre-recorded three-minute messages.

RCA continued as the prime supplier of complex multiple-antenna systems for TV broad-

casting. An agreement was signed to construct an antenna system on Mt. Sutro to serve San Francisco TV stations. This contract followed completion of twin TV tower arrays on the 100-story John Hancock Center in Chicago. The strong market for broadcast antennas was paralleled by improved bookings for TV transmitters, including increased orders from Mexico and South America.

Commercial communications equipment sales improved for the third consecutive year, up 14 per cent from 1969. Medium-priced mobile radios were introduced for the growing small-business market. A new communications system was offered for two-way radio, substituting push-button signals for a variety of messages normally relayed by voice.

Sales of RCA aviation equipment in 1970 were adversely affected by the business decline in general aviation and in the airlines industry. However, the new RCA navigation/communications line was selected as standard equipment on three models of major business jets. One of these also included as standard equipment a newly developed weather radar, distance-measuring equipment, and an air traffic-control transponder.

During 1970, RCA discontinued several small unprofitable businesses, including industrial microwave equipment and 16-mm motion-picture projectors.

Frozen Prepared Foods

The Banquet Foods Corporation, formerly the F. M. Stamper Company, became an RCA subsidiary in March. A leader in the frozen prepared foods industry, Banquet offers 89 retail items packaged in both individual and family-sized servings.



Banquet Foods increased both its volume and profit in 1970, continuing a growth pattern uninterrupted for more than a decade. Sales increased in all major product categories—complete dinners, meat pies, entrees, and dessert pies. More than 500 million units of Banquet products were sold in food shops and supermarkets across the nation.

Commercial Real Estate

In October, Cushman & Wakefield, Inc., one of the nation's leading commercial real estate firms, became a subsidiary of RCA. Founded in 1917, the firm's nationwide operations encompass project consultation, office leasing, building management, site improvement and development, sales, and appraisal.

Cushman & Wakefield has leased a substantial part of all office space built in New York City during the past two decades. It has offices in the New York metropolitan area, the Midwest, South, and Puerto Rico as well as on the West Coast.

The firm is now serving as project consultant and managing and renting agent for many of the largest office building projects in the country—including the 109-story Sears Roebuck headquarters in Chicago, the Atlantic Richfield office complex in Los Angeles, and the Bank of America Center in San Francisco.

Broadcasting

Network television was particularly vulnerable to the economic downturn since its programming costs are committed long in advance and its revenue is dependent on large-scale advertising expenditures. Many major companies pared their advertising budgets and were reluctant to make advance commitments in 1970. These factors resulted in reduced NBC sales and earnings during 1970. Beginning in 1971, the legal ban on broadcast advertising of cigarettes terminated revenue from this source. Only a part of this revenue is being offset by new business, and this will adversely affect 1971 sales and profit.

In 1970, the NBC Television Network attracted more advertisers than any other network for the 22nd consecutive year. It also maintained its lead in total prime-time audience, especially among the more affluent and better educated young adults, placing it in a good position to take advantage of any improvement in the advertising economy.

In the fall, NBC introduced the Flip Wilson Show, which became the major new hit of the



season. According to the Nielsen Television Index, it ranked No. 1 among all new programs. NBC television specials continued to attract more viewers than those of the other two major networks. John Wayne's "Swing Out, Sweet Land," aired in November, had the largest audience of any 1970-71 entertainment special presented during 1970.

The Federal Communications Commission has adopted a new rule which prohibits stations in the principal markets from carrying more than three hours of television network programs in prime evening time. This will reduce the networks' prime-time schedule when the rule becomes effective with the start of next fall's season. NBC has obtained a stay, pending court review, of another part of the rule that would require network companies to give up virtually every part of their foreign and domestic program syndication business.

The NBC Television Network received 27 Emmys from the National Academy of Television Arts and Sciences for the 1969-70 season—more than any other broadcasting organization. Sixty-six NBC News programs and personnel were honored by industry-connected organizations. The monthly, two-hour First Tuesday program earned 11 awards, including an Emmy, a Peabody, and a George Polk Memorial Award.

During the year, NBC News provided more than 2,800 hours of network radio and television programming. In August, NBC Nightly News was inaugurated as a seven-day-a-week news program replacing the 14-year-old Huntley-Brinkley Report. The new program features David Brinkley, John Chancellor, and Frank McGee.

Last spring, the five NBC-owned television stations cooperated in the presentation of a month-long series of programs devoted to the subject of public education. A subsequent project focused on drug abuse.

Disney on Parade, launched by NBC Arena Enterprises and Walt Disney Productions, has completed its first full year on the road and proved a popular success. The touring arena show, based on Disney characters, played to more than 2 million people during 1970 and set all-time attendance records in 10 cities across the country.

The NBC Background Music Library, consisting of 194 original compositions on 18 long-playing discs, was completed in July. Revenue will be derived both from the sale of the records and from licensing fees.

NBC International Enterprises acquired rights for worldwide distribution of television programs originating in West Germany, Great Britain, Australia, Mexico, and Poland. Bonanza is still the world's most popular TV series, with an estimated weekly audience of more than 400 million people in 83 nations. NBC shows are now aired in 114 foreign countries.

Global Communications

Sales and profit of RCA Global Communications reached new highs in 1970. Sales increased for the 17th consecutive year, up 9 per cent over the previous 12 months, despite industry-wide rate reductions of 15 per cent for telex and 25 per cent for leased-channel services. The reductions resulted from inauguration of the Transatlantic/Mediterranean cable system.

Transmission capabilities were expanded by the acquisition of 56 additional circuits in the Transatlantic/Mediterranean system and an increase in satellite circuits from about 100 to 200. By year-end, RCA Glöbcom was operating more than 2,500 channels of various bandwidths, nearly twice as many as were in use five years ago.

Computerized communications were inaugurated in the Philippines with installation of the AIRCON Manila system. The system switches messages electronically for companies that maintain private networks and international circuits.

Technical improvements to the Computer Telegram System resulted in substantial reduction of delays in routing messages between the domestic carrier and RCA Glöbcom.

The Executive Hot Line between New York and San Juan, P.R., introduced in 1969, will be extended in 1971 to routes between New York and Rio de Janeiro as well as other points.

The Guam earth station, of which RCA Glöbcom is a major owner, became fully operational at midyear. The earth station adds satellite service to existing cable and radio facilities, enabling Guam to provide the major transit route for all forms of communications between the western Pacific and the Orient.

Formal takeover of the Alaska Communication System was accomplished on January 10, 1971. RCA Alaska Communications, a subsidiary of RCA Glöbcom, has already built a microwave system and a tropospheric and microwave link and has initiated direct-distance dialing installations in Anchorage, Fairbanks, Juneau, and Ketchikan. By the end of December, reductions in long-distance telephone rates had saved the Alaskan public an estimated \$13 million.

Publishing

Despite a generally slow year in the book-publishing industry, Random House achieved its best sales and earnings in 1970.

College textbook sales increased 7 per cent, twice the rate of the industry. The College



Department centered its efforts on the junior-college and community-college level—the fastest-growing part of this market.

The School Department's newly developed supplementary materials offer individualized instruction for students at all grade levels who have specific learning difficulties in reading and mathematics. Four such units are currently available, with two in planning stages. Preliminary work was also begun on similar

programs in the areas of science and social studies.

It was in the trade book division, however, that Random House enjoyed its greatest success in 1970. Six titles from the company's spring list were among the industry's best sellers: *Up the Organization*, *Losing Battles*, *Hard Times*, *I Know Why the Caged Bird Sings*, *A Beggar in Jerusalem*, and *Points of Rebellion*. Major sellers from the fall list included *Future Shock*, *Crisis in the Classroom*, and *The Greening of America*. The second volume of the company's prestigious *Mastering the Art of French Cooking* was also published in the fall. Meanwhile, Rod McKuen's best-selling poetry volumes and the Vintage line of quality paperbacks, as well as the Modern Library, Beginner Books, and Dr. Seuss series, continue as keystones of the strongest backlist in the publishing world.

Education

The managerial and technical capabilities of private industry are being applied increasingly to the improvement of public education in the United States. RCA is active in this area through its Service Company and Education Services group.

In 1970, we received a U.S. Department of Labor contract to operate a residential Job Corps center for the training of underprivileged youth in New York City. Other federally funded centers in operation by RCA are the Keystone Job Corps Center for Women in Pennsylvania and the Choanoke Area Development Center for seasonal farm workers and their families in North Carolina.

At the state level, we contracted with the Pennsylvania Department of Welfare to operate a basic education, vocational training, and extracurricular program for the Cornwells Heights Youth Development Center. In Delaware, our new Educational Management Systems Group, concerned with helping school districts reduce their building costs, was engaged to develop guidelines and recommendations for legislation for all phases of school construction in the state. RCA also developed individualized instruction packages for adult education programs in Ohio and for the education of migrant workers in Florida.

In February, we contracted to direct a federally funded program to upgrade the public school system of Camden, N.J. Under RCA's Four Cities Program, funded by the federal Manpower Development and Training



Act, more than 350 hard-core unemployables were trained and placed in jobs in Camden, Chicago, Los Angeles, and New York.

During 1970, students from 75 countries were enrolled in resident and home-study courses at the RCA Institutes, Inc.

Government Business

The government's drastic cutbacks in space and defense spending caused a moderate decline in this area of RCA's 1970 operations. Space and defense now account for only 13 per cent of RCA's total business, contrasted with 33 per cent in 1960.

Within this smaller sphere, RCA made significant contributions. Our communications systems aboard the Aquarius Lunar Module provided the electronic link that kept Apollo 13 astronauts in constant contact with ground control during their perilous journey home. Our electronic systems also played a key role in controlling the propulsion and course of the crippled spacecraft.

For future Apollo missions, RCA has developed the Lunar Communications Relay Unit, which will be mounted on the Lunar Rover. A briefcase-sized communications system, it will directly transmit conversations, telemetry, and color TV pictures to earth from the moon-probing astronauts. Since use of the LCRU bypasses the need for transmission through the Lunar Module, it will enable astronauts to travel considerable distances from the LM without losing contact with earth.

We also designed a remote-controlled TV system with a new color camera equipped with a Silicon Intensifier Tube developed at the David Sarnoff Research Center, Princeton, N.J. The camera can transmit pictures from the

moon under extreme ranges of lighting. Operators at NASA's Manned Space Center, approximately 239,000 miles away, will be able to turn the camera on and off and focus it by remote control. Both systems are scheduled for the Apollo 15 mission.

RCA's Aerospace Systems activity is also designing a laser altimeter for NASA that will operate in conjunction with a metric camera in the Apollo Command/Service Module. The system will permit a still greater degree of accuracy in mapping geographic and topographic features of the lunar surface.

During 1970, the U.S. Air Force successfully tested a military computer system developed and installed by RCA. It is designed to assess the feasibility of providing computerized information management capabilities for airborne commanders.

RCA completed preliminary design for the command and launch segments of the Navy's Aegis surface missile system. As this program develops, the \$253-million contract received in late 1969 may evolve as the largest defense contract ever received by RCA. RCA also delivered to the Army a night-fire control system incorporating the most advanced low light-level television camera ever developed for the military.

Navy navigation satellites built by RCA are now providing ships at sea with the most accurate navigational aid in history. We will build three more under a Navy contract received in 1970.

RCA is the leading developer of meteorological satellites and principal equipment for observation satellites. To date, more than 1.5 million television pictures have been returned by RCA-built spacecraft. During 1970,



From left to right: In cooperation with local, state, and federal departments of education, RCA is introducing new educational methods in the Camden, N.J., school system.

Color TV camera for use by Apollo 15 crew is inspected before delivery to NASA.

Executive offices of RCA (Mexico) are located in this building in Mexico City.

the first two in a series of RCA-built ITOS satellites were launched. These larger, more sophisticated second-generation spacecraft provide improved coverage of the earth's weather systems. In another project, power and data-storage systems were also provided for NASA's experimental Nimbus weather satellites. RCA has a contract to build the high-resolution TV and recording systems for the first Earth Resources Technology Satellites, scheduled for launch by NASA in 1972 and 1973. The cameras will take highly detailed color pictures of the earth's surface to aid the Departments of Agriculture, Commerce, and the Interior in monitoring and controlling the nation's natural resources. In addition, RCA has been chosen to provide the power subsystem and command receiver for the ERTS program.

Engineers, technicians, and systems personnel of the RCA Service Company were active around the world in a broad range of support services. The contract for the Atlantic Fleet Range Support Facility in the Caribbean was renewed by the government in 1970. Under existing contracts, RCA employees operate and maintain instrumentation systems at the Eastern Test Range off Cape Kennedy, the White Sands Missile Range in New Mexico, and the Atlantic Undersea Test and Evaluation Center in the Bahamas. Eastern Test Range personnel are also part of the Apollo ground-support team.

RCA operates tracking stations for NASA's Space Tracking and Data Acquisition Network, which tracks and controls unmanned satellites and provides logistical support for other communications and tracking stations around the world. RCA personnel also provide management and technical support for the Marshall Space Flight Center and the space agency's Aerodynamic Test Range in California and Wallops Island Station in Virginia.

Hertz

The Hertz Corporation maintained its leadership in vehicle leasing and renting during 1970, with the highest revenue in its history. Net profit rose to a new high, despite a decline in air travel that affected car rentals and cutbacks in the construction industry that hampered equipment-rental operations.

Worldwide growth was vigorous in 1970. A record 150,000 cars and trucks were operated by Hertz and its licensees in the United States and more than 100 foreign countries.

Hertz service is offered at nearly 3,000 locations in more than 1,900 cities.

During the summer, Hertz opened a computerized National Reservation Center. This enables a motorist in the United States to obtain immediate confirmation of car-rental reservations from any Hertz location in the world by dialing one toll-free number (800) 654-3131.

In August, arrangements were completed for Hertz to construct a large hotel/motel complex at the Jacksonville, Fla., airport. The \$4.5-million complex will be based upon the successful experience of the Hertz-operated airport Skycenter in Huntsville, Ala.

Hertz Equipment Rental Corporation entered the foreign market with its new subsidiaries, Air Mac International Corporation and Air Mac Philippines, Inc. These concerns operate construction-equipment locations in Singapore, the Philippines, and Seattle, Wash.



International

RCA is a multinational corporation with manufacturing, marketing, or research activities in 37 countries throughout the world. Currently, RCA subsidiaries and affiliates operate 24 plants in 11 countries and produce a variety of products ranging from records to solid-state components. There are also RCA research and development laboratories in Japan, Canada, and Switzerland.

In Canada, the government implemented economic policies that led to a higher value for its dollar and a corollary decline in prices of foreign goods on the Canadian market. This, combined with rising material and labor costs as well as a 12-week strike, had a depressing effect on the profit of RCA Limited.

The company maintained its leading posi-

tion in consumer electronics in Canada, with an increasing share of the color television market, and realized substantial growth in computers and color picture tubes.

The company was unsuccessful in its major bid to build the first Canadian domestic communications satellite. This affected the business volume of its Commercial and Government Systems Division and necessitated staff relocations and layoffs.

In early 1970, RCA Limited moved into its new headquarters at Ste. Anne-de-Bellevue, on the outskirts of Montreal.

Research and Development

RCA has approximately 5,000 engineers, scientists, and systems men and women working in research and development to turn ideas and concepts into products and services. R&D facilities include the David Sarnoff Research Center in Princeton, N.J., research laboratories in Montreal, Tokyo, and Zurich, and applications laboratories of the major product divisions.

One of the major RCA research accomplishments of 1970 was the development of the silicon storage vidicon, a compact TV camera tube with stop-action capabilities. Still pictures are either displayed immediately or are stored electronically within the tube, eliminating the need for film or videotape. The new RCA tube has potential markets ranging from space exploration to closed-circuit TV surveillance and security systems.

In the computer field, an RCA research team developed a technique that uses heat given off by a laser beam to etch holograms into metal films, which can be used as fixed high-capacity computer memories. Some 300 million bits of permanent information can be stored on a 16" x 4 1/4" holographic card.

RCA scientists also produced a unique TV projection system that may make possible the development of a simple, low-cost unit for future use in homes, schools, and offices. The heart of the experimental system is an inexpensive thin metal film/mirror that can be deformed by electron beams to produce TV images.

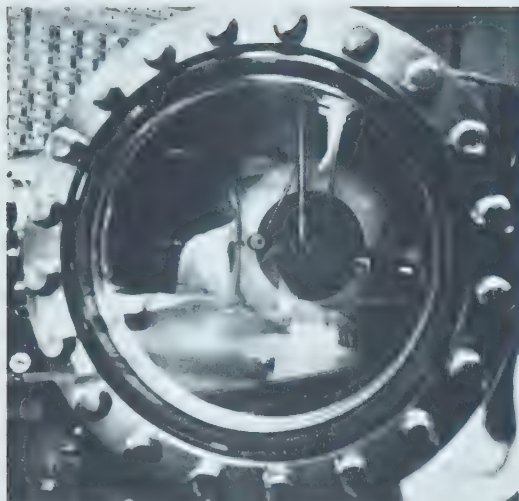
Other advances included a ceramic device that can lead to economical electronic remote controls and two versatile solid-state devices for use in microwave systems.

During 1970, RCA continued preparations to participate broadly in the newly developing home video player industry. The company

From left to right: Surface properties of materials are studied at RCA Laboratories, Princeton, N.J.

Students at RCA Institutes are trained in electronic theory and equipment repair.

ServiceAmerica personnel analyze TV sets at specially designed and equipped test benches.



plans to market a variety of consumer products under the SelectaVision trademark.

Community Relations

In April, President Robert W. Sarnoff initiated the RCA Environmental Improvement Program. This anti-pollution drive represents one of the first major efforts by any corporation to encourage its employees to undertake a voluntary program of local environmental improvement. Many thousands of local residents, civic organizations, and community leaders in 21 RCA plant communities located in seven states have joined our employees in the highly successful program.

Some of the outstanding voluntary local efforts—such as the cleanup of Lake Monroe by 3,000 RCA employees and residents of Bloomington, Ind., during the weekend before Labor Day—have received national attention. The Environmental Improvement Committee at the Harrison, N.J., plant has established recreational play areas in empty lots and has improved employee parking facilities, making them into play areas for neighborhood children. At Mountaintop, Pa., the employee committee has provided technical assistance to local industries on environmental pollution planning and control. The Scranton, Pa., facility committee is working with the city engineer and the local Chamber of Commerce on a spring cleanup of the local zoo and improvement of that city's swimming pools.

Employees at the Findlay, Ohio, facility have joined with the Hancock County Regional Planning Commission and the local Chamber of Commerce to clean up the Blanchard River. In Woodbridge, N.J., some 200 yards of the Rahway River and its banks were cleared

of litter and overgrown vegetation. Employees joined in planting grass and installing benches in the area. Many RCA plants made a special effort to improve landscaping of plant sites, and the Cincinnati, Ohio, and Lancaster, Pa., plants won beautification awards from local organizations in recognition of their efforts.

This volunteer program was paralleled by numerous anti-pollution efforts on the part of RCA. These included improvement of sewer systems and industrial waste disposal in Burlington, Mass.; Camden, Harrison, Princeton, and Somerville, N.J.; Indianapolis and Monticello, Ind.; and Mountaintop, Pa.

Consumer Affairs

In early 1970, RCA established an Office of Consumer Affairs at the top corporate level. It has far-reaching responsibilities for the safety and reliability of all RCA products and services, plus the authority to ensure that consumer interests receive prompt attention at all levels of the company.

The safety of consumer products has been subject to intense public scrutiny. The National Commission on Product Safety cited a number of color television sets, including some RCA models, as potentially hazardous. The company has worked on a nationwide basis through RCA distributors, the RCA Service Company, and independent dealers and service organizations to find, inspect, and, if necessary, modify any RCA sets that might constitute sources of smoke or fire. Costs of the program have been borne by RCA.

At the inception of RCA's program, Chairman Arnold B. Elkind of the National Commission on Product Safety wrote RCA that its action



was "... precisely the kind of corporate attitude and concern which will serve the public and establish better understanding between industry and consumer."

Facilities

The changing nature of our product and service businesses calls for continuing improvement of facilities. During 1970, RCA invested \$209 million in plant and equipment in the United States and \$26 million abroad, compared with a total of \$200 million in 1969.

Plans were announced for the construction of a \$16-million office building in Marlboro, Mass., to serve as the future headquarters for RCA's computer business, and existing facilities in that city were almost doubled during the year. Color tube manufacturing was discontinued at Lancaster, Pa., and color tube operations were consolidated at Marion, Ind., and Scranton, Pa. Construction of a 32,000-square-foot addition to the Scranton plant was also begun in order to implement this consolidation.

In September, production of picture tube envelopes got under way at RCA's new glass plant in Circleville, Ohio. Late in the year, Banquet Foods Corporation opened a new 200,000-square-foot production facility in Batesville, Ark. And The Hertz Corporation broke ground for a 100,000-square-foot office structure in Oklahoma City, Okla., to consolidate credit-card and Rent A Car data processing and accounting activities.

Additional foreign plants went into production in Liege, Belgium; Barceloneta, P.R.; Bryn Mawr, Wales; and Washington, England. A new facility is under construction at Jersey, Channel Islands, for rebuilding videotape headwheels and assembly of videotape systems.

During the year, RCA announced the closing of the Memphis black-and-white TV manufacturing plant and the electronic components facility in Cincinnati, Ohio.

People of RCA

At year-end, there were 127,000 people employed by RCA throughout the world, approximately 6,000 less than in 1969 because of substantial reductions in the number of employees in consumer electronics and components operations. The reductions were partially offset by the buildup of our computer and foreign operations.

The Corporation actively recruits members of minority groups for employment at all



levels through its Affirmative Action Programs. In 1970, RCA hired 1,000 persons classified by the Department of Labor as hard-core unemployables. Our college recruiters visited more than 200 campuses. Their interviews resulted in the hiring of 850 graduates for management, marketing, and technical positions throughout the company.

Seventy-four labor agreements were negotiated during the year with 17 unions representing employees in the United States and Canada. More than 36,000 workers are now covered by new three-and-one-half-year pacts that provide for wage and benefit improvements consistent with industry patterns. In May, a major agreement involving 20,000 employees at 12 plants was reached with the International Brotherhood of Electrical Workers.

At midyear, a prolonged work stoppage by 12,000 members of the International Union of Electrical, Radio, and Machine Workers affected operations at 12 plants across the country. After a 101-day strike, the IUE accepted contract improvements similar to those negotiated in May with the IBEW. A three-month strike by the American Federation of Technical Engineers at two manufacturing plants was settled on September 10.

The RCA Retirement Plan was amended, effective January 1, 1971. It continues to be a uniform plan, requiring employee contributions and applying equally to officers and employees, union and nonunion, of RCA Corporation and the majority of its domestic subsidiaries. The exceptions, which have separate pension or profit-sharing plans of their own, are Banquet Foods Corporation, Cushman & Wakefield, Inc., The Hertz

Corporation, and Coronet Industries.

The two principal changes in the Plan, which resulted from labor negotiations, are a reduction in employee contributions and, for employees with 13 or more years of credited service under the Plan, a new minimum benefit equal to between 0.9 per cent and 1.25 per cent of final average earnings multiplied by the number of years of such service. For purposes of determining employee contributions and benefits, the definition of "earnings" has been expanded in accordance with union agreements to include overtime and similar payments. Consistent with this change, RCA Incentive Plan payments to a maximum of 30 per cent of an employee's annual base salary also have been included in such earnings.

Sales, Net Profit, and Dividends

Sales and other revenue of RCA and its consolidated subsidiaries totaled \$3,325,562,000 in 1970, 2 per cent below the comparable figure for 1969. Net profit in 1970 was \$91,735,000, 43 per cent below that of 1969, and equal to \$1.26 per share of common stock, as compared with \$2.27 in 1969. Dividends on common stock were \$1.00 per share in both 1970 and 1969.

The 1970 sales and profit figures include, and prior years' figures have been restated to include, Banquet Foods Corporation, a producer of frozen prepared foods, and Cushman & Wakefield, Inc., a real estate brokerage and management company. The two firms became wholly owned subsidiaries of RCA during 1970 in transactions accounted for as poolings of interests.

Net profit for 1970 also includes the gain realized from sale during the year of the entire RCA investment in the common stock of the Communications Satellite Corporation. The 250,000 shares were sold at a net profit of \$4,800,000. However, this gain was more than offset by a charge to 1970 operations for estimated costs associated with the recently announced closing of the Memphis television assembly plant and other facility realignments.

Federal income taxes charged to operations in 1970 amounted to 40.5 per cent of pretax profit, compared with the effective tax rate of 47.4 per cent in 1969. This lessening of the tax provision was attributable to the reduction in the federal income tax surcharge, the lower rate of tax applicable to capital gains, principally on sale of Comsat stock, and tax benefits related to foreign source income that remained relatively constant in 1970.

Segment Sales and Relative Profit Contribution

RCA's consolidated sales and other revenue of \$3,325,562,000 were derived from the following four major business groupings:

	Amount (in millions)		Per Cent of Total	
	1970	1969	1970	1969
Home products, computer systems, and other commercial products and services	\$1,567.0	\$1,651.3	47	48
Broadcasting, communications, publishing, and education	748.9	757.3	23	22
Vehicle renting and related services	563.2	510.7	17	15
Space, defense, and other government business	446.5	490.6	13	15
Total sales and other revenue	\$3,325.6	\$3,409.9	100	100

Dollar sales of RCA home products were lower in 1970 than in 1969, primarily because of lower industry-wide sales. The slowing national economic trends noted in the latter months of 1969 continued throughout 1970 and reduced consumer demand, especially for domestically produced, higher-priced home products. Nevertheless, RCA was able to maintain its traditional position of leadership in sales while at the same time reducing its color television inventory to a level more compatible with 1970 sales and encouraging its distributors in the same direction. RCA maintained its competitive posture in other home entertainment products, despite the growing strength of foreign brands competing in the U.S. market.

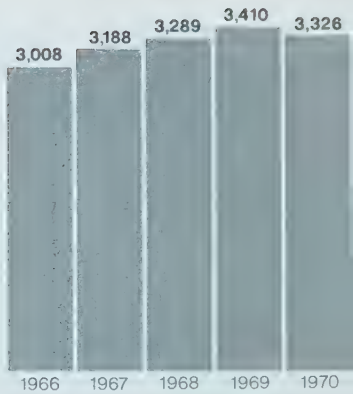
RCA computer operations remained in a loss position during 1970, although revenue derived from sales and leasing of computer equipment was higher than in the prior year. The 1970 result was attributable in part to heavy continuing expenses in marketing, engineering, and systems programming areas, none of which have been deferred. However, these expenses and additional investments in facilities provide the basis for further growth in the computer business. New orders booked for future computer shipments again were higher in 1970 than in prior years.

Sales of solid-state devices were lower in 1970 than in 1969, resulting from price erosion within the industry as well as the 101-day strike, which also affected operations in other manufacturing plants serving the commercial and government business segments.

Commercial service activities reported improved operating results during the year, in line with the increasing importance of service-oriented businesses in the national economy.

Total sales and profit of the broadcasting, communications, publishing, and education segment remained relatively constant during 1970 and thus represented a larger percent-

Sales and Other Revenue
In Millions of Dollars



Net Profit for Year
In Millions of Dollars



Sales by Segment
Per Cent of Total



age of the consolidated total, especially in profit. The National Broadcasting Company, the largest element of this segment, reported reduced revenue because of cutbacks in business spending for advertising.

Although business travel felt some effect of the economic slowdown, Hertz revenue from vehicle renting and related services was higher in 1970 than in the prior year, but net profit remained approximately the same, principally owing to increased vehicle operating costs and higher interest expense.

Government sales again declined during the year, both in dollars and as a per cent of total. The relative profit contribution of this business was approximately the same dollar amount as in the prior year. The backlog of firm, funded government contracts totaled approximately \$300,000,000 at the end of 1970, not significantly different from the beginning of the year figure.

The approximate relative profit contribution of each major segment was as follows:

	Amount (in millions)		Per Cent of Total	
	1970	1969	1970	1969
Home products, computer systems, and other commercial products and services	\$26.7	\$89.5	29	55
Broadcasting, communications, publishing, and education	46.1	51.5	50	33
Vehicle renting and related services	15.6	15.4	17	10
Space, defense, and other government business	3.3	3.4	4	2
Total	<u>\$91.7</u>	<u>\$159.8</u>	<u>100</u>	<u>100</u>

This relative profit contribution information is approximate because of allocations on various bases of corporate administrative, marketing, research, and other expenses and taxes not chargeable directly to any of the reported segments.

During 1970, the consolidated sales and other revenue of RCA included \$374,519,000 derived from foreign sources. In addition, the foreign subsidiaries of RCA, whose accounts are not included in the consolidated financial statements in this report, reported combined net sales of \$226,364,000, an increase of \$41,702,000 over the 1969 amount. The net profit of these unconsolidated foreign subsidiaries was \$469,000 after the charge-off of costs related to the start-up of new businesses in Belgium and Great Britain. Start-up costs for these businesses are now substantially complete and have been written off as incurred in 1969 and 1970. Dividends of \$7,070,000 paid by other foreign subsidiaries were included in RCA's consolidated net profit for the year. The total carrying value of RCA's participation in the equity of these foreign subsidiaries was \$72,301,000, as compared with underlying net assets of \$82,263,000.

Employment Costs

Employment costs — including wages, salaries, and employee benefits — totaled \$1,242,099,000 in 1970. This was an increase of \$13,622,000 over the comparable 1969 figure. As in 1969, employment costs consumed a larger share of the sales dollar than had been the case in the prior year. These additional wage and fringe benefits increased employment costs to 37.4 per cent of sales in 1970, as compared with 36 per cent in 1969.

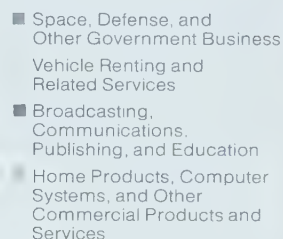
	Amount (in millions)		Per Cent to Sales	
	1970	1969	1970	1969
Wages and salaries, including payments for vacations and holidays	\$1,119.2		33.7	32.6
Retirement plans—company contribution	23.7		.7	.7
Group insurance	45.6		1.4	1.2
Social security and other employee benefits	53.6		1.6	1.5
Total employment costs	<u>\$1,242.1</u>		<u>37.4</u>	<u>36.0</u>

Total employment costs for 1970 included \$7,973,000 provided under the RCA Incentive Plan, which, for the first time, included the employees of Hertz. In 1969, \$13,900,000 was provided under the RCA Plan and \$1,473,000 under a separate plan for Hertz employees.

Negotiated increases in wages and benefits with respect to retirement and group insurance plans, and increased social security rates, indicate a still higher employment cost per employee to be anticipated for 1971. Employer contributions required to provide

Net Profit by Segment

Per Cent
of Total



Unconsolidated Foreign Subsidiaries at Year End

In Millions
of Dollars



Plant and Equipment Additions and Depreciation

In Millions
of Dollars



benefits for service after December 31, 1970, under the RCA Retirement Plan as amended January 1, 1971, are estimated to be increased from \$22,793,000 in 1970 to \$28,000,000 in 1971, \$33,000,000 in 1972, and \$35,500,000 in 1973 and each year thereafter. Employer contributions of an additional \$3,400,000 a year for 13 years are estimated to be required to fund fully the additional liabilities accrued under the Plan for service prior to January 1, 1971. These estimates, based upon valuation assumptions adopted January 1, 1971, as recommended by the Plan's actuary, are predicated on the further assumption that the present proportion of eligible employees who are Plan members, general pay levels, the average age of Plan members, employee turnover, and other factors affecting RCA Retirement Plan costs will remain substantially unchanged.

Research and Development

In 1970, RCA expended \$279,750,000 related to research, development, and engineering activities, which include basic research, development of new products and services, and improvement of existing products and services. Of this amount, \$125,273,000 was provided out of RCA funds. In 1969, total research and development expenditures were \$270,732,000, of which \$121,592,000 was funded by RCA. Company-funded research and development costs are charged to operations as incurred. During 1970, RCA's total research and development effort required the services of approximately 5,000 professional people and 7,500 additional skilled workers in supporting activities.

Plant and Equipment

Additions to plant and equipment totaled \$209,185,000 during 1970, as compared with \$181,443,000 in 1969. As in prior years, the largest single element was the capitalized cost of manufactured data processing equipment leased to customers. Other major expenditures in 1970 were for expansion of the Marlboro, Mass., computer equipment facility; completion of the Circleville, Ohio, plant for production of glass bulbs for color television picture tubes; construction of a Banquet Foods processing plant in Batesville, Ark.; and addition of communication facilities by RCA Global Communications.

Plant and equipment having a first cost of \$85,383,000 and net book value of \$30,806,000 was sold or retired during the year. Hertz expenditures for revenue-earning equipment during 1970 were \$140,000,000, after deduction for the net book value of vehicle disposals.

Additional Financing

Long-term debt was increased by the sale as of June 1, 1970, of \$75,000,000 in nonredeemable 9 per cent notes due in 1975 and \$75,000,000 in 9¼ per cent sinking fund debentures due in 1990, of which \$5,000,000 was delivered in 1971. The net proceeds were added to the general funds of the Corporation available for general corporate purposes, including further investment in plant and equipment and for working capital requirements. Short-term debt was \$74,651,000 at year-end, as compared with \$65,000,000 at the end of 1969.

Shareholders' Equity

Equity of shareholders in RCA Corporation and consolidated subsidiaries was \$1,091,378,000 at December 31, 1970, and equal to \$13.70 per share of common stock, as compared with \$1,063,589,000 and \$13.58, respectively, a year earlier. Had the debentures and preferred stock convertible into RCA common stock, as described in Notes 4 and 5 to the financial statements, been converted at January 1, 1970, net profit per share for 1970 would not have been diluted.

At a special meeting of shareholders held February 19, 1971, the shareholders of RCA voted to amend the Certificate of Incorporation to increase the authorized common stock from 80,000,000 to 100,000,000 shares.

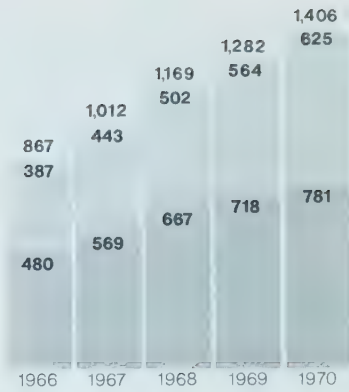
Merger with Coronet Industries, Inc.

In February, 1971, Coronet Industries, Inc., a manufacturer of carpets and specialized lines of furniture and wall coverings, became a wholly owned subsidiary of RCA in exchange for approximately 6,000,000 shares of RCA common stock. The transaction has been accounted for as a pooling of interests in 1971 to which no effect has been given in this Annual Report for 1970.

Total Plant and Equipment at Year End

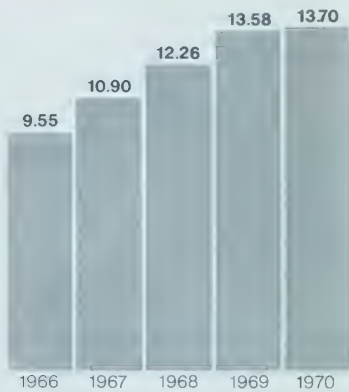
In Millions of Dollars

Accumulated Depreciation
Net Plant and Equipment



Shareholders' Equity per Share of Common Stock

In Dollars



Shareholders at Year End

Total 339,000



Consolidated Earnings and Reinvested Earnings

Years ended December 31, 1970 and 1969



	1970	1969
Sales and other revenue		
Product sales	\$1,719,622,000	\$1,837,541,000
Broadcasting, product services, communications, and other services	1,572,266,000	1,537,994,000
Interest, dividends, and other income	33,674,000	34,318,000
Total sales and other revenue	3,325,562,000	3,409,853,000
Cost of operations		
Cost of product sales	1,291,807,000	1,292,578,000
Cost of broadcasting, product services, communications, and other services	957,453,000	950,784,000
Selling, general, and administrative expenses	540,533,000	526,070,000
Depreciation (Note 2)	214,479,000	183,800,000
Rent	61,158,000	56,372,000
State, local, and miscellaneous taxes	43,529,000	48,542,000
Interest	62,468,000	47,910,000
Total cost of operations	3,171,427,000	3,106,056,000
Profit before federal and foreign taxes on income	154,135,000	303,797,000
Federal and foreign taxes on income		
Current	46,342,000	126,748,000
Tax effect of timing differences	16,058,000	17,217,000
	62,400,000	143,965,000
Net profit for year	91,735,000	159,832,000
<i>Per share of common stock, based on the average number of shares outstanding: 1970, \$1.26; 1969, \$2.27</i>		
Reinvested earnings—beginning of year	566,254,000	475,369,000
	657,989,000	635,201,000
Cash dividends declared		
\$3.50 first preferred stock	589,000	599,000
\$4 convertible first preferred stock	4,944,000	4,944,000
Common stock: 1970 and 1969, \$1.00 per share	66,419,000	62,746,000
Prior to merger by pooled companies	482,000	642,000
Repurchase of preferred stock		
Excess of repurchase price over stated value of \$3.50 first preferred stock:		
1970, 2,400 shares; 1969, 400 shares	92,000	16,000
	72,526,000	68,947,000
Reinvested earnings—end of year (Note 4)	\$ 585,463,000	\$ 566,254,000

Consolidated Financial Position

December 31, 1970 and 1969

Assets	1970	1969
Current assets		
Cash	\$ 136,481,000	\$ 132,714,000
Short-term investments, at cost (approximate market)	87,862,000	69,945,000
Receivables		
U.S. Government	59,021,000	57,684,000
Other (less reserve: 1970, \$21,233,000; 1969, \$17,656,000)	500,046,000	486,463,000
Inventories, at lower of cost, on a first-in, first-out basis, or market		
Plant inventories and government contracts (less progress payments: 1970, \$59,265,000; 1969, \$35,141,000)	181,703,000	188,683,000
Finished goods	226,918,000	239,256,000
Prepaid expenses	288,640,000	278,095,000
Total current assets	<u>1,480,671,000</u>	<u>1,452,840,000</u>
Revenue-earning equipment of Hertz		
Vehicles and other equipment, at cost	511,726,000	456,399,000
Less accumulated depreciation (Note 2)	<u>136,647,000</u>	<u>122,049,000</u>
	<u>375,079,000</u>	<u>334,350,000</u>
Investments and other assets		
Receivables due after one year (less reserve: 1970, \$4,778,000; 1969, \$3,448,000)	158,483,000	98,612,000
Investments, at or below cost		
Foreign subsidiaries not consolidated (Note 1).	72,301,000	57,405,000
Other (Note 8)	<u>68,072,000</u>	<u>70,139,000</u>
	<u>298,856,000</u>	<u>226,156,000</u>
Plant and equipment		
Land and buildings	404,589,000	364,212,000
Machinery and equipment, including equipment leased to customers	<u>1,001,767,000</u>	<u>918,342,000</u>
Total, at cost	<u>1,406,356,000</u>	<u>1,282,554,000</u>
Less accumulated depreciation (Note 2)	<u>624,837,000</u>	<u>564,206,000</u>
	<u>781,519,000</u>	<u>718,348,000</u>
Total assets	<u><u>\$2,936,125,000</u></u>	<u><u>\$2,731,694,000</u></u>

Liabilities and Shareholders' Equity**1970****1969****Current liabilities**

Notes payable (Note 4)	\$ 74,651,000	\$ 65,000,000
Accounts payable and accruals	583,868,000	595,856,000
Federal and foreign taxes on income	29,642,000	44,951,000
Dividends payable	19,927,000	18,657,000
Total current liabilities	<u>708,088,000</u>	<u>724,464,000</u>

Revolving credit notes and other debt of Hertz (Note 3)	<u>367,896,000</u>	<u>322,046,000</u>
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Other non-current liabilities (Note 8)	<u>175,812,000</u>	<u>152,370,000</u>
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Other long-term debt (Note 4)	<u>592,951,000</u>	<u>469,225,000</u>
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Shareholders' equity**Capital stock, no par, at stated value**

\$3.50 cumulative first preferred stock; authorized 172,800 shares;		
outstanding: 1970, 168,919 shares; 1969, 171,319 shares (preference		
on liquidation \$100 per share: 1970, \$16,891,900; 1969, \$17,131,900)		
	2,733,000	2,772,000
Cumulative series first preferred stock; authorized 2,000,000 shares		
\$4 convertible first preferred stock (Note 5);		
authorized 1,265,000 shares; outstanding: 1970, 1,235,886 shares;		
1969, 1,235,919 shares (preference on liquidation \$100 per share:		
1970, \$123,588,600; 1969, \$123,591,900)		
	9,887,000	9,887,000
Common stock (Notes 4, 5, 6, and 10); authorized 80,000,000 shares;		
issued: 1970, 68,641,141 shares; 1969, 68,141,399 shares		
	45,761,000	45,427,000
Capital surplus (Note 7)	447,534,000	439,249,000
Reinvested earnings (Note 4)	585,463,000	566,254,000
	<u>1,091,378,000</u>	<u>1,063,589,000</u>

Total liabilities and shareholders' equity	<u>\$2,936,125,000</u>	<u>\$2,731,694,000</u>
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Consolidated Statement of Funds
Years ended December 31, 1970 and 1969

	1970	1969
Cash funds provided by		
Operations		
Net profit for year	\$ 91,735,000	\$159,832,000
Provisions not requiring current cash funds		
Depreciation	214,479,000	183,800,000
Tax effect of timing differences	16,058,000	17,217,000
Total cash flow from operations	322,272,000	360,849,000
Sale of RCA stock to a subsidiary for use in acquisitions	9,733,000	—
Sale of stock under options and by a pooled company prior to merger.	548,000	2,866,000
Increase in Hertz debt	45,850,000	65,764,000
Increase in other long-term debt	123,726,000	—
Total cash funds provided	<u>502,129,000</u>	<u>429,479,000</u>
 Cash funds used for		
Dividends declared on preferred and common stock	72,434,000	68,931,000
Plant and equipment, less net book value of disposals: 1970, \$30,806,000; 1969, \$30,362,000	178,379,000	151,081,000
Revenue-earning equipment of Hertz, less net book value of disposals: 1970, \$228,333,000; 1969, \$195,512,000	140,000,000	145,868,000
Decrease in other long-term debt	—	18,159,000
Increase in net current assets	28,895,000	53,005,000
Increase in investments and other assets, less increase in other non-current liabilities.	60,737,000	40,701,000
Total cash funds used.	<u>480,445,000</u>	<u>477,745,000</u>
Net increase (decrease) in cash funds	<u><u>\$ 21,684,000</u></u>	<u><u>\$ (48,266,000)</u></u>
 Cash and short-term investments		
Beginning of year	\$202,659,000	\$250,925,000
End of year.	224,343,000	202,659,000
Net increase (decrease) in cash funds	<u><u>\$ 21,684,000</u></u>	<u><u>\$ (48,266,000)</u></u>

1. Principles of Consolidation: The consolidated financial statements include the accounts of all active domestic subsidiaries of RCA and the foreign subsidiaries of Hertz, and have been retroactively restated to include, on the basis of poolings of interests, Banquet Foods Corporation (formerly F. M. Stamper Company) and Cushman & Wakefield, Inc., which became wholly owned subsidiaries of RCA during 1970 in exchange for 3,850,054 shares and 1,250,090 shares of RCA common stock, respectively. Prior year figures have also been restated in minor respects to conform to accounting classifications in effect at December 31, 1970. Foreign subsidiaries of RCA not consolidated reported 1970 net sales of \$226,364,000 and a net profit of \$469,000 after start-up costs of new businesses totaling \$5,200,000. Dividends from these unconsolidated subsidiaries of \$7,070,000 are included in RCA's consolidated net profit.

2. Depreciation: Depreciation of plant and equipment acquired prior to 1954, and of standard manufacturing facilities acquired in 1954 and subsequent years, has been computed on a straight-line basis over estimated useful lives that are revised as facility requirements change. Depreciation on more specialized equipment acquired since 1953 has been computed on an accelerated basis. Depreciation of Hertz revenue-earning equipment has been computed on a straight-line basis over useful lives that range from three to 10 years. Maximum depreciation allowable for tax purposes under current Internal Revenue Service guidelines has been deducted in the calculation of federal income tax payable for 1970; provision has been made for the tax effect of these and other timing differences.

3. Revolving Credit Notes and Other Debt of Hertz: Debt of The Hertz Corporation and its subsidiaries, which has not been assumed or guaranteed by RCA, included the following at December 31, 1970:

Revolving credit and other notes, 6¼ % to 7%	\$145,500,000
Promissory notes	
5½ %, due 1972 to 1981 (\$3,000,000 per year to 1980)	40,000,000
5¼ %, due 1977 to 1986 (\$1,500,000 per year to 1985)	20,000,000
5½ %, due 1978 to 1987 (\$3,000,000 per year to 1986)	40,000,000
10½ %, due 1974 to 1990 (\$1,160,000 per year to 1989)	20,000,000
Subordinated promissory notes	
Senior 5½ %, due 1972 to 1980 (\$1,500,000 per year)	13,500,000
Junior 5½ %, due 1972 to 1983 (\$750,000 per year to 1982)	11,250,000
Revolving bank loans and other debt of Hertz subsidiaries, average 9.4%	77,646,000
Total	<u>\$367,896,000</u>

4. Other Long-Term Debt and Reinvested Earnings: Long-term debt of RCA and consolidated subsidiaries other than Hertz at December 31, 1970, consisted of:

Promissory notes	
3%, due 1971 to 1974 (\$20,000,000 per year)	\$ 80,000,000
3¾ %, due 1973 to 1977 (\$10,000,000 per year)	50,000,000
5¾ %, due 1977 to 1986 (\$10,000,000 per year)	100,000,000
9%, due 1975	75,000,000
Convertible subordinated debentures, 4½ %, due 1978 to 1992	159,950,000
Guaranteed sinking fund debentures of RCA International Development Corporation,	
5%, due 1979 to 1988	50,000,000
Sinking fund debentures, 9¼ %, due 1980 to 1990	70,000,000
Purchase money mortgages, facilities financing, and other debt, payable in installments to 1993	28,001,000
	<u>612,951,000</u>
Less amounts due within one year included in current liabilities	<u>20,000,000</u>
Total	<u>\$592,951,000</u>

The subordinated debentures are convertible into RCA common stock at \$59 per share, and 2,711,022 shares of RCA common stock have been reserved for this purpose. The terms of these subordinated debentures require periodic retirement of principal and also impose limitations on the payment of cash dividends and the purchase by RCA of its capital stock, as do the terms of the promissory notes. Consolidated reinvested earnings of \$398,565,000 at December 31, 1970 were free of such limitations.

The guaranteed sinking fund debentures of RCA International Development Corporation are convertible into RCA common stock at \$55 per share, and 909,090 shares of RCA common stock have been reserved for this purpose.

5. \$4 Convertible First Preferred Stock: Each outstanding share of \$4 convertible first preferred stock may be converted at the option of the holder into 2.05 shares of RCA common stock, and 2,533,566 shares have been reserved for this purpose. RCA may redeem the \$4 convertible first preferred stock after May 11, 1972, at an initial price of \$105 per share.

6. Stock Options: Under the stock option plan approved by RCA shareholders in 1957 and amended by them in 1960, 1965, and 1968, options may be granted to key employees selected by a committee of the Board of Directors for the purchase within a maximum period of five years (10 years prior to 1964), at a price not less than fair market value at the date of the grant, of shares of common stock from RCA's treasury or from authorized but unissued shares. Options that have been granted are exercisable in cumulative annual installments of 20 per cent, beginning with 20 per cent at date of grant. At December 31, 1970, options were outstanding under this plan for the purchase of 640,641 shares of RCA common stock at prices ranging from \$13.84 to \$61.38 per share, equal to market prices on the dates the options were granted, and averaging \$41.98 per share; options on 388,491 shares were then exercisable, and 263,403 shares were available for future grants. During 1970, options to purchase 59,000 shares were granted; options on 71,370 shares expired; options on 53,332 shares were canceled; and options on 12,111 shares were exercised at prices ranging from \$17.03 to \$19.06, and averaging \$17.11 per share. At December 31, 1969, options to purchase 718,454 shares were outstanding, and 197,701 shares were available for future grants.

At December 31, 1970, stock options assumed by RCA under the terms of the merger were outstanding to, and exercisable by, Hertz employees to the extent of 8,961 shares of RCA common stock and 4,478 shares of RCA \$4 convertible first preferred stock.

7. Capital Surplus: Capital surplus increased \$8,285,000 during 1970, including \$9,437,000 and \$311,000, respectively, excess of selling price over stated value of common stock sold to a subsidiary for use in acquisitions and by a subsidiary prior to merger, and \$199,000 from the exercise of stock options at prices exceeding the stated value of common and preferred shares issued. Capital surplus was decreased by expenses related to mergers of \$1,526,000 and by \$136,000 excess of cost over distribution value of treasury shares distributed under the RCA Incentive Plan.

8. Incentive Compensation: The maximum annual credit to the RCA Incentive Reserve is equal to the smaller of the following computed maximum credits:

Net Profit for Year	\$ 90,801,000
Add back: Provision for incentive awards	7,973,000
Interest on long-term debt (at effective rate of 6%)	50,691,000
Incentive Plan Net Earnings	149,465,000
Less: 5 per cent of Capital Employed (\$1,912,947,000)	95,647,000
Incentive Plan Base	\$ 53,818,000
Maximum Credit Based on Earnings—15 per cent of Incentive Plan Base	\$ 8,073,000
Maximum Credit Based on Dividends—25 per cent of dividends paid in year (\$70,980,000)	\$ 17,745,000

For 1970, a credit of \$7,973,000 to the RCA Incentive Reserve was ordered by the Incentive Committee, and \$8,612,000 was awarded to employees of RCA and subsidiary companies, including Hertz, from the available RCA Incentive Reserve balance of \$9,742,000, including \$1,769,000 unawarded in prior years. That portion of the amount awarded that is payable in RCA common stock will be distributed from the 259,808 shares of treasury stock included in Other Investments at cost to RCA of \$8,217,000. Distribution of 1970 awards will be made in annual installments through January, 1975, subject to the earning-out provisions of the Plan. Awards payable after December 31, 1971, totaling \$22,047,000, are included in Other Non-Current Liabilities.

9. Pension Plans: For 1970, company contributions under the RCA Retirement Plan and separate plans for Hertz, Banquet Foods, and Cushman & Wakefield totaled \$23,671,000, largely for current service benefits to which employees also contributed.

The RCA Retirement Plan was amended effective January 1, 1971, to provide increased benefits. Funding of the net cost of higher past service benefits is expected to require an additional company contribution of \$3,400,000 per year over 13 years.

10. Subsequent Events: On February 19, 1971, the shareholders of RCA voted to increase the Corporation's authorized common stock from 80,000,000 to 100,000,000 shares.

On February 24, 1971, Coronet Industries, Inc., became a wholly owned subsidiary of RCA in exchange for approximately 6,000,000 shares of RCA common stock. The merger has been accounted for as a pooling of interests. No effect has been given to this transaction in the accompanying financial statements.

To the Shareholders of RCA Corporation

We have examined the accompanying statement of financial position of RCA Corporation and Consolidated Subsidiaries at December 31, 1970 and the related statements of earnings and reinvested earnings, and funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the statements mentioned above present fairly the financial position of RCA Corporation and Consolidated Subsidiaries at December 31, 1970, the results of their operations and the source and use of their funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

277 Park Avenue
New York, N.Y.
February 18, 1971

Arthur Young & Company

Transfer Agents

RCA Corporation, 30 Rockefeller Plaza, New York, N.Y. 10020
The First National Bank of Chicago, One First National Plaza, Chicago, Ill. 60670

Registrars, \$3.50 First Preferred Stock

The Chase Manhattan Bank, N.A., 80 Pine Street, New York, N.Y. 10015
Continental Illinois National Bank and Trust Company of Chicago, 231 South La Salle Street, Chicago, Ill. 60690

Registrars, \$4 Convertible First Preferred Stock

Chemical Bank, 20 Pine Street, New York, N.Y. 10015
Continental Illinois National Bank and Trust Company of Chicago, 231 South La Salle Street, Chicago, Ill. 60690

Registrars, Common Stock

Chemical Bank, 20 Pine Street, New York, N.Y. 10015
Continental Illinois National Bank and Trust Company of Chicago, 231 South La Salle Street, Chicago, Ill. 60690

4½ % Convertible Subordinated Debentures

Transfer, Conversion, and Paying Agent: The Chase Manhattan Bank, N.A., 80 Pine Street, New York, N.Y. 10015
Trustee: Irving Trust Company, 1 Wall Street, New York, N.Y. 10015

9¼ % Sinking Fund Debentures and 9% Notes

Trustee and Transfer and Paying Agent: Manufacturers Hanover Trust Company,
4 New York Plaza, New York, N.Y. 10015

5% Guaranteed Sinking Fund Debentures of RCA International Development Corporation

Conversion and Paying Agents: First National City Bank, 55 Wall Street, New York, N.Y. 10015, and main offices in London, Brussels, Amsterdam, Paris, Frankfurt/Main, and Milan. Banque de Paris et des Pays-Bas pour le Grand Duche de Luxembourg, Luxembourg
Trustee: First National City Bank, 55 Wall Street, New York, N.Y. 10015

Annual Meeting

May 4, 1971, at 10:30 A.M., at the Felt Forum, Madison Square Garden Center, 8th Avenue at 31st Street, New York, N.Y.

Ten-Year Financial Review

Figures for 1970 include—and figures for prior years, except dividends, have been restated where material to include—Banquet Foods Corporation and Cushman & Wakefield, Inc., which became wholly owned subsidiaries of RCA during 1970 in poolings of interests.

Per share amounts in dollars computed on average number of common shares outstanding during the respective years after giving retroactive effect to the three-for-one stock split and 10 per cent stock dividend in 1964.

Other dollar amounts in thousands.

Total for the year

Sales and other revenue
Profit before federal and foreign taxes on income
 Per cent to sales
Net profit for year
 Per cent to sales
 Per share of common stock
Cash dividends declared
 \$3.50 first preferred stock
 \$4 convertible first preferred stock
 Common stock
 Per share
 Prior to merger by pooled companies
Stock dividends declared on common stock
Federal and foreign income taxes
Social security taxes
State, local, and miscellaneous taxes
Total taxes
Additions to plant and equipment
Net additions to revenue-earning
 equipment of Hertz
Depreciation

At year-end

Current assets
Current liabilities
Net working capital
Current ratio
Net plant and equipment
Net revenue-earning equipment of Hertz
Total assets
Long-term debt
Revolving credit notes and other
 debt of Hertz
Shareholders' equity
Outstanding shares of common stock
Number of shareholders
Number of employees

1970	1969	1968	1967	1966	1965	1964	1963	1962	1961
\$3,325,562	\$3,409,853	\$3,288,727	\$3,187,559	\$3,007,748	\$2,472,398	\$2,077,542	\$2,025,110	\$1,960,205	\$1,731,530
154,135	303,797	310,053	282,523	277,606	212,910	179,736	153,188	134,757	80,609
4.6	8.9	9.4	8.9	9.2	8.6	8.7	7.6	6.9	4.7
91,735	159,832	160,669	153,105	147,873	116,745	97,807	75,087	67,005	43,708
2.8	4.7	4.9	4.8	4.9	4.7	4.7	3.7	3.4	2.5
1.26	2.27	2.29	2.19	2.16	1.71	1.48	1.11	1.00	.62
589	599	610	638	645	675	2,536	3,153	3,153	3,153
4,944	4,944	4,924	4,903	—	—	—	—	—	—
66,419	62,746	62,584	52,714	47,384	38,069	36,886	26,109	16,945	16,546
1.00	1.00	1.00	.85	.80	.65	.64	.45	.30	.30
482	642	715	1,885	5,591	5,007	4,691	4,558	4,351	4,150
—	—	—	—	2%	—	10%	—	2%	2%
62,400	143,965	149,384	129,418	129,733	96,165	81,929	78,101	67,752	36,901
50,146	48,346	43,141	41,692	40,100	27,325	23,981	26,035	25,052	20,900
43,529	48,542	46,209	40,060	35,717	27,891	25,200	21,112	19,646	16,619
156,075	240,853	238,734	211,170	205,550	151,381	131,110	125,248	112,450	74,420
209,185	181,443	194,520	188,586	208,648	111,082	89,732	66,829	60,642	60,529
140,000	145,868	88,786	86,524	102,328	100,320	70,553	59,383	43,046	44,352
214,479	183,800	172,615	152,821	142,019	119,727	99,126	86,827	77,410	69,782
1,480,671	1,452,840	1,335,468	1,231,951	1,165,191	1,097,893	918,200	927,341	834,202	693,878
708,088	724,464	615,607	577,189	630,155	509,185	400,867	381,654	338,078	278,271
772,583	728,376	719,861	654,762	535,036	588,708	517,333	545,687	496,124	415,607
2.1	2.0	2.2	2.1	1.8	2.2	2.3	2.4	2.5	2.5
781,519	718,348	667,028	569,242	480,117	349,887	314,153	289,149	281,695	272,366
375,079	334,350	272,521	262,250	247,403	213,786	169,672	146,901	127,372	120,376
2,936,125	2,731,694	2,451,748	2,223,095	1,997,388	1,716,077	1,448,344	1,413,419	1,302,424	1,165,780
592,951	469,225	487,385	426,233	267,021	261,403	255,034	255,500	255,668	235,823
367,896	322,046	256,282	251,160	247,138	193,595	143,319	117,079	113,937	109,842
1,091,378	1,063,589	970,138	877,381	781,680	680,394	590,715	599,127	553,415	508,704
68,381,333	67,962,516	67,686,901	67,525,549	67,131,839	65,707,200	60,608,013	60,353,402	59,894,041	57,381,082
339,000	326,000	331,000	330,000	337,000	307,000	253,000	181,000	180,000	178,000
127,000	133,000	129,000	132,000	140,000	115,000	100,000	98,000	95,000	92,000

Officer and Director Changes

During 1970, Carroll V. Newsom resigned as a director, and Delbert L. Mills resigned as a director and officer. Bennett Cerf, a director of Random House, Inc., did not stand for re-election as a member of the RCA Board in May, at which time he reached his 72nd birthday. Donald B. Smiley, Chairman of the Board of R. H. Macy & Co., was elected a director on March 4. Howard A. Stamper, Chairman of the Board and chief executive officer of Banquet Foods Corporation, was elected a director on April 1.

Anthony L. Conrad, Executive Vice President, Services, was elected to the Board at the Annual Meeting on May 5. Martin B. Sereteau, Chairman of the Board and President of Coronet Industries, Inc., was elected a director on March 3, 1971. Herbert T. Brunn was elected a Vice President on March 4, 1970, with responsibility for Consumer Affairs. William C. Hittinger was elected a Vice President on April 15, 1970, and is General Manager of the Corporation's Solid State Division. W. Walter Watts retired as an Executive Vice President on May 1, 1970. Edward M. Tuft, Executive Vice President, Personnel,

retired effective January 31, 1971, and George H. Fuchs, previously Executive Vice President of NBC, was elected Executive Vice President, Industrial Relations, in November to succeed Mr. Tuft. James J. Johnson joined the Corporation and was elected Vice President, Marketing, in December. James R. Bradburn, Executive Vice President, Information Systems, resigned in December, and L. Edwin Donegan, Jr., was elected Vice President on January 6, 1971, with responsibility for the Computer Systems organization.

Board of Directors

George H. Brown
Mrs. Everett N. Case
Anthony L. Conrad
Stephen M. DuBrul, Jr.
Elmer W. Engstrom
Harry C. Hagerty
Howard L. Letts
Charles M. Odorizzi
Donald A. Petrie
Robert W. Sarnoff
Walter D. Scott
Martin B. Sereteau
Donald B. Smiley
Howard A. Stamper
Lewis L. Strauss
W. Walter Watts
Robert L. Werner

David Sarnoff,
Honorary Chairman

Officers

Robert W. Sarnoff	Chairman of the Board and President
Elmer W. Engstrom	Chairman, Executive Committee of the Board
Kenneth W. Bilby	Executive Vice President, Public Affairs
George H. Brown	Executive Vice President, Patents and Licensing
Anthony L. Conrad	Executive Vice President, Services
John B. Farese	Executive Vice President, Electronic Components
George H. Fuchs	Executive Vice President, Industrial Relations
James Hillier	Executive Vice President, Research and Engineering
Irving K. Kessler	Executive Vice President, Government and Commercial Systems
Barton Kreuzer	Executive Vice President, Consumer Electronics
Howard L. Letts	Executive Vice President, Finance
Chase Morsey, Jr.	Executive Vice President, Operations Staff
Charles M. Odorizzi	Executive Vice President
Robert L. Werner	Executive Vice President and General Counsel
Martin F. Bennett	Vice President, Distributor and Commercial Relations
Herbert T. Brunn	Vice President, Consumer Affairs
Charles R. Denny	Vice President, International
L. Edwin Donegan, Jr.	Vice President and General Manager, Computer Systems
George C. Evanoff	Vice President, Corporate Planning
Samuel E. Ewing	Vice President, Washington
George A. Fadler	Vice President, Manufacturing Services and Materials
Ernest B. Gorin	Vice President and Treasurer
William C. Hittinger	Vice President and General Manager, Solid State Division
Lawrence M. Isaacs	Vice President and Controller
James J. Johnson	Vice President, Marketing
William M. Webster	Vice President, Laboratories
George E. Morris	Secretary

Domestic Subsidiary Executives

National Broadcasting Company, Inc.	
Walter D. Scott	Chairman of the Board
Julian Goodman	President
The Hertz Corporation	
Robert A. Smalley	President
RCA Global Communications, Inc.	
Charles M. Odorizzi	Chairman of the Board
Howard R. Hawkins	President
Banquet Foods Corporation	
Howard A. Stamper	Chairman of the Board
Park C. Lockwood	President
Random House, Inc.	
Donald S. Klopfer	Chairman of the Board
Robert L. Bernstein	President
RCA Institutes, Inc.	
Anthony L. Conrad	Chairman of the Board
Albert L. Baker	President
Cushman & Wakefield, Inc.	
Leone J. Peters	Chairman of the Board
Anthony J. Peters	President
Coronet Industries, Inc.	
Martin B. Sereteau	Chairman of the Board and President

